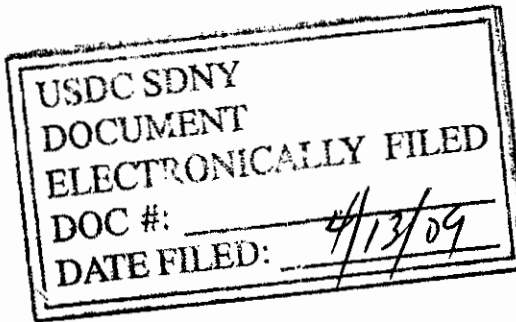


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TUCSON

April 3, 2009

Hon. Loretta A. Preska  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl St., Room 1320  
New York, NY 10007-1312

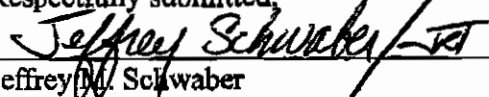
Re: *Kobayashi Ventures, LLC v. Papertech, Inc.*, Civil Action No. 08-cv-04450 (LAP)


Dear Judge Preska:

Pursuant to this Court's Consent Order dated March 24, 2009, counsel for the parties are hereby providing the requested update as to the status of settlement discussions. On March 26, 2009, the parties conducted a mediation session in New York. Although no settlement was reached at the mediation session, settlement discussions are ongoing between the parties in an effort to obtain an amicable resolution of this lawsuit.

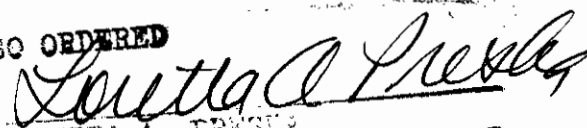
Subject to this Court's approval, Counsel for the parties would propose to provide this Court with an update as to the status of settlement discussions no later than Monday, April 27, 2009. In the interim, counsel for the parties will promptly advise this Court in the event that a settlement is reached by the parties.

Respectfully submitted,

  
Jeffrey M. Schwaber  
Alexia Kent Bourgerie  
Attorneys for Plaintiff - Counterdefendant  
Kobayashi Ventures, LLC

  
J. Rick Taché  
Elizabeth M. Weldon  
Attorneys for Defendant - Counterclaimant  
PT Papertech, Inc.

SO ORDERED

  
LORETTA A. PRESKA  
UNITED STATES DISTRICT JUDGE  
April 13, 2009